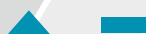


YoY Change 12-Month Forecast

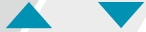
200,200m²

Take-Up (cum.)



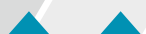
4.9%

Vacancy Rate



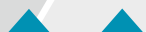
1.55m m²

Under Construction



€42.00

Prime Rent, €/m²/month



LABOUR MARKET

YoY Change

102.1

Ifo Employment Barometer Germany (Mar 2022)



448,500

Munich Office Employees (Mar 2022)



4.1%

Munich Unemployment Rate (Mar 2022)



Sources: ifo-Institut, Moody's Analytics, Federal Employment Agency

ECONOMIC OVERVIEW

With more than 1.6 million inhabitants, the Bavarian capital is one of the largest cities in Germany. Its economic success is reflected in its unemployment rate, which at just 4.1% (Mar 2022) is well below the national average of 5.1%. Compared to the same point last year, the unemployment rate has decreased by 1.1% points.

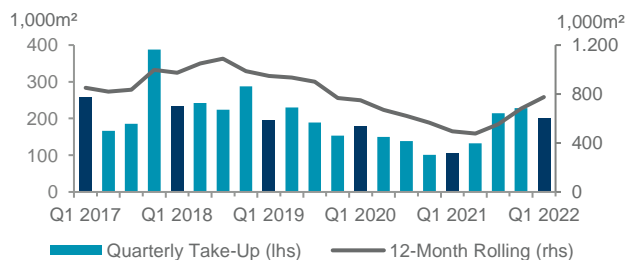
TAKE-UP

200,200m² of take-up was registered in the Munich office market in the 1st quarter of 2022. This is the strongest start to a year since 2018. Compared to the weak equivalent figure of a year previously, take-up rose by 91%. The overall result is around 4% above the Q1 5-year average (193,500m²) and 12% above that of the past ten years (179,200m²). Take-up was mainly driven by the conclusion of leases in development projects and commencements of owner-occupier construction projects. The reasons for this are the still limited availability of large spaces in existing stock and tenants high requirements regarding quality. A total of 13 deals were concluded for space in development projects totalling 71,300m² or 36% of total take-up. The largest lease by far was concluded by Bosch Sicherheitssysteme for 19,700m² in the AER development in Neuperlach. Six owner-occupier deals totalling 28,200m² (16%) also contributed to the quarterly result. Of this, a total of 91% of the owner-occupier take-up in the overall Munich market was in its surrounding region submarkets, where around 79,900m² of office space was let in the first quarter. This is 49,000m² more than in Q1 last year. In contrast, only 38% (Q1/2021: 48%) of take-up took place in the city centre with 70,000m². In the city area (excluding the city centre) take-up remained stable at 25% (Q1/2021: 29%) or 50,300m².

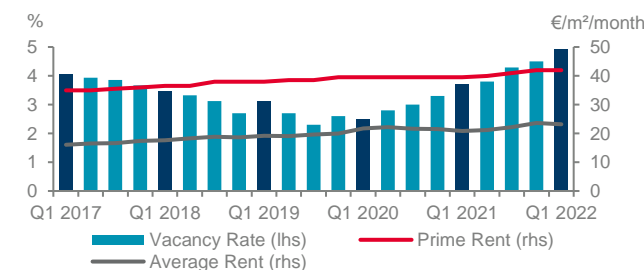
VACANCY

Absolute vacancy increased from 786,400m² to 1,024,500m² (+30%) compared to a year previously. The vacancy rate in the market area is thus 4.9% (Q1/2022: 3.7%). The vacancy rate in Munich's Surrounding Area submarkets rose more strongly: from 6.1% in Q1 2021 to 9.2%. Despite the high take-up in here, there was little effect on vacancy, as 37% of the take-up took place in development projects.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Around 9,100m² of modern office space was completed in the Munich office market in the first quarter of 2022. Of this, 58% is still available. The completion of a further 462,800m² is expected by the end of the year, of which 221,800m² is currently still without occupants. Overall, 1.6 million m² is currently under construction, of which around 36% is let or for owner-occupation.

RENTS

The achievable prime office rent remained static compared to the previous quarter at €42.00/m²/month but is still 6.3% higher than 12 months previously. C&W expects that the achievable prime rent will resume its increase in the current year, as competition for the few available spaces in and around the Altstadttring has intensified significantly. The area-weighted average rent has increased by €2.30, or 11%, to €23.15/m²/month over the past twelve months.

SELECTED PROPERTY DEVELOPMENT PROJECTS

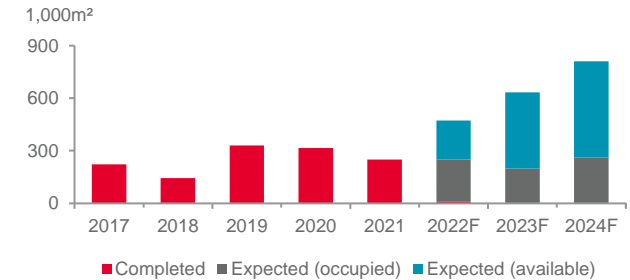
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
MARK	City Area West – South-East	Under Construction	2022	54,600	AXA Investment
Heads	Periphery East – North-East	Under Construction	2022	41,800	Rock Capital
AER	City Area East – South-East	Under Construction	2022	40,000	Hines
Hybrid.M	City Area North – North-East	Under Construction	2022	39,300	DIC Asset

MARKET STATISTICS

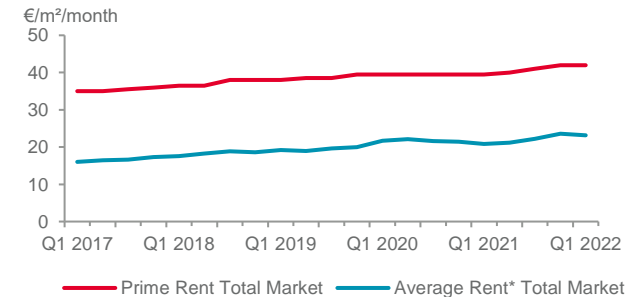
Submarket	Take-Up Q1 2022 (m ²)	Completions Q1 2022 (m ²)	Space under Construction Q1 2022 (m ²)	Prime Rent Q1 2022 (€/m ² /month)	Average Rent* Q1 2022 (€/m ² /month)
CBD	13,200	0	52,800	42.00	38.60
City Centre	56,800	6,500	706,300	39.50	27.20
Secondary Locations	50,300	0	415,600	26.00	19.20
Periphery	79,900	2,600	376,200	20.00	13.70
Total Market Munich	200,200	9,100	1,550,900	42.00	23.15

* Weighted Average Rent (12 months)

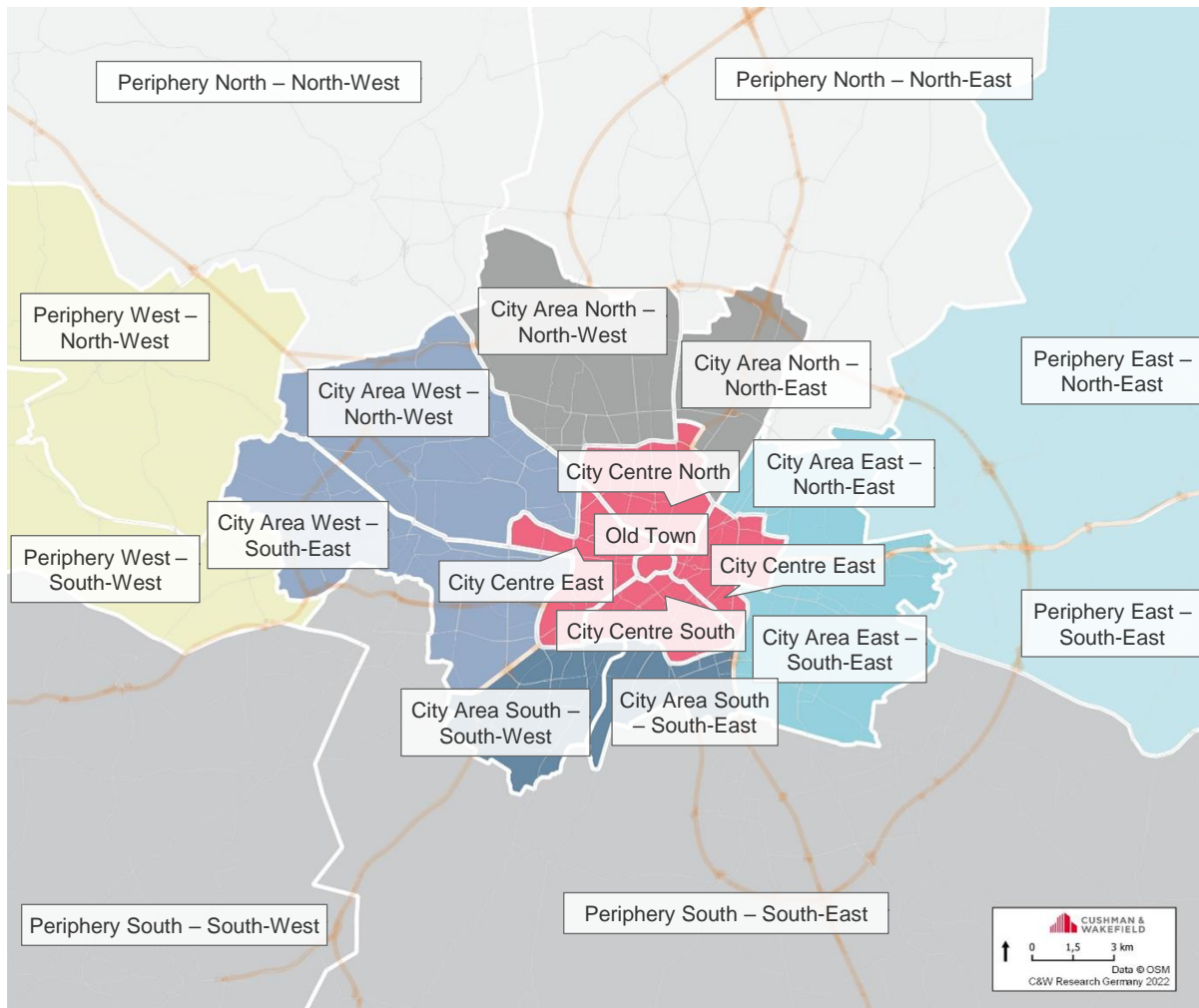
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q1 2022

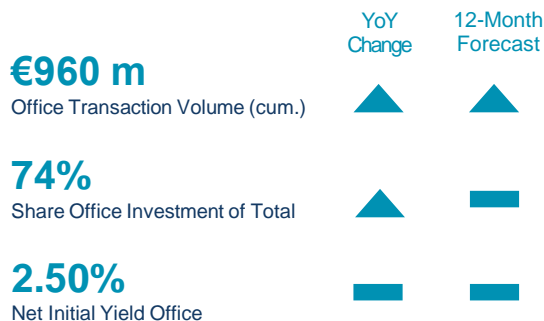
Submarket	€/m ² /month
Old Town	19.00 – 42.00
City Centre North	16.10 – 39.00
City Centre East	13.50 – 36.50
City Centre South	14.95 – 30.25
City Centre West	14.90 – 39.50
City Area North – North-East	13.00 – 30.00
City Area North – North-West	12.70 – 24.50
City Area East – North-East	11.00 – 16.00
City Area East – South-East	11.00 – 19.00
City Area South – South-East	12,50 – 18.25
City Area South – South-West	14.00 – 24.00
City Area West – South-West	13.25 – 25.00
City Area West – North-West	13.50 – 26.00
Periphery North – North-East	7.80 – 20.00
Periphery North – North-West	9.10 – 16.00
Periphery East – North-East	8.50 – 13.00
Periphery East – South-East	9.50 – 15.00
Periphery South – South-East	7.25 – 18.75
Periphery South – South-West	10.90 – 16.90
Periphery West – North-West	8.50 – 11.00
Periphery West – South-West	8.50 – 13.00

OFFICE INVESTMENT MARKET

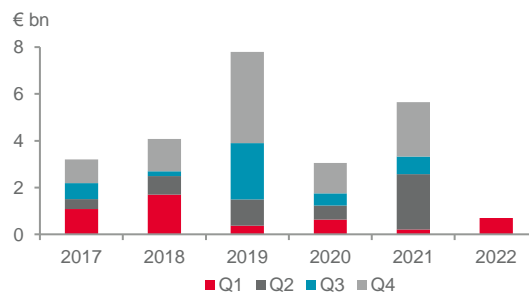
Munich's commercial real estate investment market recorded a transaction volume of around €960 million in the first three months of 2022. Compared to the weak first quarter last year, this corresponds to an increase of 113%. The solid result was mainly due to three large-volume office transactions of over €100 million. Office properties remained the focus of investors' attention and, contributing 74% of the commercial real estate transaction volume, were the dominant asset class.

The net initial yield for core office properties in very good central locations was 2.50% at the end of Q1 2022 and has remained static over the last 12 months. For office properties in non-central locations, the yield is currently 3.30%.

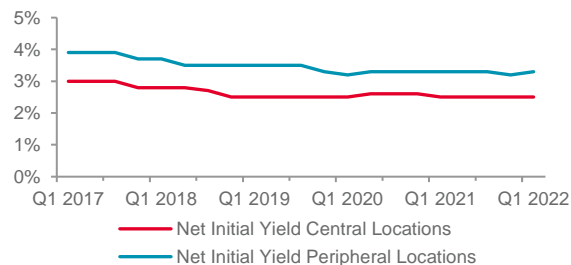
KEY FIGURES



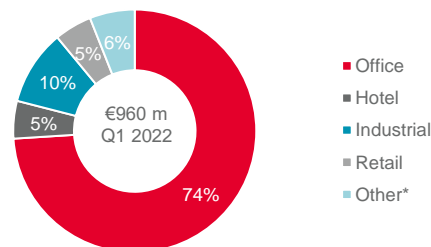
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



*Mixed-use Property, Development Sites, Nursing Homes etc.

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